



General Assembly

Substitute Bill No. 650

February Session, 2008

* SB00650FIN 040208 *

AN ACT EXTENDING THE HISTORIC PRESERVATION TAX CREDIT TO INCLUDE BARNs.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-416b of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2008, and applicable to income years commencing on or after*
4 *January 1, 2008*):

5 (a) As used in this section, the following terms shall have the
6 following meanings unless the context clearly indicates another
7 meaning:

8 (1) "Commission" means the Connecticut Commission on Culture
9 and Tourism established pursuant to section 10-392;

10 (2) "Certified historic structure" means an historic commercial or
11 industrial property, including a barn, that: (A) Is listed individually on
12 the National or State Register of Historic Places, or (B) is located in a
13 district listed on the National or State Register of Historic Places, and
14 has been certified by the commission as contributing to the historic
15 character of such district;

16 (3) "Certified rehabilitation" means any rehabilitation of a certified
17 historic structure for mixed residential and nonresidential uses

18 consistent with the historic character of such property or the district in
19 which the property is located, as determined by regulations adopted
20 by the commission, provided, if such rehabilitation is of a barn, it may
21 be for residential or nonresidential uses consistent with the historic
22 character of such barn or the district in which such barn is located;

23 (4) "Owner" means any person, firm, limited liability company,
24 nonprofit or for-profit corporation or other business entity which
25 possesses title to an historic structure and undertakes the rehabilitation
26 of such structure;

27 (5) "Placed in service" means that substantial rehabilitation work has
28 been completed which would allow for issuance of a certificate of
29 occupancy for the entire building or, in projects completed in phases,
30 for individual residential units that are an identifiable portion of the
31 building;

32 (6) "Qualified rehabilitation expenditures" means any costs incurred
33 for the physical construction involved in the rehabilitation of a
34 certified historic structure for mixed residential and nonresidential
35 uses where at least thirty-three per cent of the total square footage of
36 the rehabilitation is placed into service for residential use, or, in the
37 case of barns, for residential or nonresidential uses, excluding: (A) The
38 owner's personal labor, (B) the cost of a new addition, except as
39 required to comply with any provision of the State Building Code or
40 the State Fire Safety Code, and (C) any nonconstruction cost such as
41 architectural fees, legal fees and financing fees;

42 (7) "Rehabilitation plan" means any construction plans and
43 specifications for the proposed rehabilitation of a certified historic
44 structure in sufficient detail for evaluation by compliance with the
45 standards developed under the provisions of subsections (b) to (d),
46 inclusive, of this section; and

47 (8) "Substantial rehabilitation" or "substantially rehabilitate" means
48 the qualified rehabilitation expenditures of a certified historic structure
49 that exceed twenty-five per cent of the assessed value of such

50 structure.

51 (b) (1) The commission shall administer a system of tax credit
52 vouchers within the resources, requirements and purposes of this
53 section for owners rehabilitating certified historic structures.

54 (2) The credit authorized by this section shall be available in the tax
55 year in which the substantially rehabilitated certified historic structure
56 is placed in service. In the case of projects completed in phases, the tax
57 credit shall be prorated to the substantially rehabilitated identifiable
58 portion of the building placed in service. If the tax credit is more than
59 the amount owed by the taxpayer for the year in which the
60 substantially rehabilitated certified historic structure is placed in
61 service, the amount that is more than the taxpayer's tax liability may be
62 carried forward and credited against the taxes imposed for the
63 succeeding five years or until the full credit is used, whichever occurs
64 first.

65 (3) Any credits allowed under this section that are provided to
66 multiple owners of certified historic structures shall be passed through
67 to persons designated as partners, members or owners, pro rata or
68 pursuant to an agreement among such persons designated as partners,
69 members or owners documenting an alternative distribution method
70 without regard to other tax or economic attributes of such entity. Any
71 owner entitled to a credit under this section may assign, transfer or
72 convey the credits, in whole or in part, by sale or otherwise to any
73 individual or entity and such transferee shall be entitled to offset the
74 tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such
75 transferee had incurred the qualified rehabilitation expenditure.

76 (c) The commission shall develop standards for the approval of
77 rehabilitation of certified historic structures for which a tax credit
78 voucher is sought. Such standards shall take into account whether the
79 rehabilitation of a certified historic structure will preserve the historic
80 character of the building.

81 (d) The commission shall adopt regulations, in accordance with

82 chapter 54, to carry out the purposes of this section. Such regulations
83 shall include provisions for the filing of applications, rating criteria
84 and for timely approval by the commission.

85 (e) Prior to beginning any rehabilitation work on a certified historic
86 structure, the owner shall submit (1) a rehabilitation plan to the
87 commission for a determination of whether or not such rehabilitation
88 work meets the standards developed under the provisions of
89 subsections (b) to (d), inclusive, of this section, (2) an estimate of the
90 qualified rehabilitation expenditures, and (3) for projects pursuant to
91 subdivision (2) of subsection (f) of this section, (A) the number of units
92 of affordable housing, as defined in section 8-39a, to be created, (B) the
93 proposed rents or sale prices of such units, and (C) the median income
94 for the municipality where the project is located. In the case of a project
95 pursuant to subdivision (2) of subsection (f) of this section the owner
96 shall submit a copy of data required under subdivision (3) of this
97 subsection to the Department of Economic and Community
98 Development.

99 (f) If the commission certifies that the rehabilitation plan conforms
100 to the standards developed under the provisions of subsections (b) to
101 (d), inclusive, of this section, the commission shall reserve for the
102 benefit of the owner an allocation for a tax credit equivalent to (1)
103 twenty-five per cent of the projected qualified rehabilitation
104 expenditures, or (2) for rehabilitation plans submitted pursuant to
105 subsection (e) of this section on or after June 14, 2007, thirty per cent of
106 the projected qualified rehabilitation expenditures if (A) at least twenty
107 per cent of the units are rental units and qualify as affordable housing,
108 as defined in section 8-39a, or (B) at least ten per cent of the units are
109 individual homeownership units and qualify as affordable housing, as
110 defined in section 8-39a. No tax credit shall be allocated for the
111 purposes of this subdivision unless an applicant has submitted to the
112 commission a certificate from the Department of Economic and
113 Community Development pursuant to [subsections (k) and (l) of this]
114 section 8-37III of the 2008 supplement to the general statutes
115 confirming that the project complies with affordable housing

116 requirements under section 8-39a.

117 (g) Following the completion of rehabilitation of a certified historic
118 structure, the owner shall notify the commission that such
119 rehabilitation has been completed. The owner shall provide the
120 commission with documentation of work performed on the certified
121 historic structure and shall submit certification of the costs incurred in
122 rehabilitating the certified historic structure. The commission shall
123 review such rehabilitation and verify its compliance with the
124 rehabilitation plan. Following such verification, the commission shall
125 issue a tax credit voucher to the owner rehabilitating the certified
126 historic structure or to the taxpayer named by the owner as
127 contributing to the rehabilitation. The tax credit voucher shall be in an
128 amount equivalent to the lesser of the tax credit reserved upon
129 certification of the rehabilitation plan under the provisions of
130 subsection (f) of this section or (1) twenty-five per cent of the actual
131 qualified rehabilitation expenditures, or (2) for projects including
132 affordable housing pursuant to subdivision (2) of subsection (f) of this
133 section, thirty per cent of the actual qualified rehabilitation
134 expenditures. In order to obtain a credit against any state tax due that
135 is specified in subsection (h) of this section, the holder of the tax credit
136 voucher shall file the voucher with the holder's state tax return.

137 (h) The Commissioner of Revenue Services shall grant a tax credit to
138 a taxpayer holding the tax credit voucher issued under subsections (e)
139 to (i), inclusive, of this section against any tax due under chapter 207,
140 208, 209, 210, 211 or 212 in the amount specified in the tax credit
141 voucher. Such taxpayer shall submit the voucher and the
142 corresponding tax return to the Department of Revenue Services.

143 (i) The commission may charge an application fee in an amount not
144 to exceed ten thousand dollars to cover the cost of administering the
145 program established pursuant to this section.

146 (j) The aggregate amount of all tax credits which may be reserved by
147 the Commission on Culture and Tourism upon certification of

148 rehabilitation plans under subsections (a) to (i), inclusive, of this
149 section shall not exceed fifty million dollars for the fiscal three-year
150 period beginning July 1, 2008, and ending June 30, 2011, inclusive, and
151 each fiscal three-year period thereafter. No project may receive tax
152 credits in an amount exceeding ten per cent of such aggregate amount.

153 (k) On or before October 1, 2009, and annually thereafter, the
154 Commission on Culture and Tourism shall report the total amount of
155 historic preservation tax credits and affordable housing tax credits
156 reserved for the previous fiscal year under subsections (a) to (i),
157 inclusive, of this section, to the joint standing committees of the
158 General Assembly having cognizance of matters relating to commerce
159 and to finance, revenue and bonding. Each such report shall include
160 the following information for each project for which tax credit has been
161 reserved: (1) The total project costs, (2) the value of the tax credit
162 reservation for the purpose of historic preservation, (3) a statement
163 whether the reservation is for mixed-use and if so, the proportion of
164 the project that is not residential, and (4) the number of residential
165 units to be created, if any, and, for affordable housing reservations, the
166 value of the reservation and percentage of residential units that will
167 qualify as affordable housing, as defined in section 8-39a.

168 (l) (1) If the total amount of such tax credits reserved in the first
169 fiscal year of a fiscal three-year period is more than sixty-five per cent
170 of the aggregate amount of tax credits reserved under subsections (a)
171 to (i), inclusive, of this section, then no additional reservation shall be
172 allowed for the second fiscal year of such fiscal three-year period
173 unless the joint standing committees of the General Assembly having
174 cognizance of matters relating to commerce and to finance, revenue
175 and bonding each vote separately to authorize continuance of tax
176 credit reservations under the program.

177 (2) If the total amount of such credits reserved in the second year of
178 a fiscal three-year period exceeds ninety per cent of the aggregate
179 amount of tax credits reserved under subsections (a) to (i), inclusive, of
180 this section, then no additional reservation shall be allowed for the

